

Broughton Gifford Parish Council

Internal Audit Report: 2024-25

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Background

The Accounts and Audit Regulations introduced from 1st April 2001, as amended periodically, require all Town and Parish Councils to implement an independent Internal Audit (IA) examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

This report sets out the work undertaken in relation to the 2024-25 financial year during our initial review of the Council's records undertaken on 1st March 2025 together with our final review on 19th April 2025. We thank the Clerk for assisting the process, providing all necessary documentation in a mix of electronic and hard copy format to facilitate completion of this year's review.

Internal Audit Approach

In undertaking the review, we have again had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover has been designed to afford appropriate assurance that the Council's financial systems are robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'IA Certificate' as part of the Council's AGAR process, which requires independent assurance over several internal control objectives.

Overall Conclusion

We are pleased to conclude that, based on the programme of work undertaken this year, the Clerk and Council have maintained adequate and effective internal control arrangements over the Council's finances. We have, however, again identified a few areas where we consider controls could and should be further strengthened, detail of which is set out in the body of the following report with consequent recommendations further summarised in the appended Action Plan for ease of members reference and response.

We have completed and signed the 'IA Certificate' in the year's AGAR assigning positive assurances in each relevant area, having concluded that the relevant control objectives set out therein have been achieved satisfactorily throughout the financial year.

We also take this opportunity to remind the Clerk of the guidance notes in the preface to the year's AGAR in relation to the documentation that should be displayed on the Council's website, together with the need to ensure compliance with the timing requirements for publication of the Notice of Public Rights to examine the Council's documentation for the financial year. We also remind the Clerk to ensure use of the appropriate Annual Return for the year.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in the financial ledgers. The Clerk has again used the Easypc accounting software to maintain the financial records for the year, which we consider appropriate given the level of annual transactions with two bank accounts in place with Lloyds (Treasurer's for day to day transactions and Instant Access for Solar Farm funds): the latter is credited with small amounts of interest each month. We have: -

- Checked and agreed the opening balances for 2024-25 to the closing Trial Balance and certified AGAR for 2023-24;
- Verified that appropriate analysis is in place to facilitate production of a detailed Statement of Accounts and transfer of said detail to the Accounts in the AGAR, Section 2;
- Checked and agreed all transactions for the financial year to the supporting bank statements on both accounts;
- Ensured that the accounts remain "in balance" at the financial year-end;
- Checked the accuracy of detail in the two accounts' bank reconciliations as at 30th June and September 2024, plus 31st December 2024 and 31st March 2025, noting that monthly bank reconciliations are prepared and retained in the file of financial records, also noting that the reconciliations and bank statements are being signed-off by a non-signatory councillor as required by the adopted Financial Regulations (FRs para 2.2 refer); and
- Ensured the accurate disclosure of the combined account balances in the AGAR at Section 2, Box 8.

Conclusions

We are pleased to record that no issues arise in this area this year requiring formal comment or recommendation.

Review of Corporate Governance

Our objective here is to ensure that the Council has a robust regulatory framework in place; that Council meetings are conducted in accordance with the adopted Standing Orders (SOs) and that, as far as we are reasonably able to ascertain as we do not attend Council or Committee meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

We noted last year that both the SOs and Financial Regulations (FRs) were reviewed, revised and brought into line with the latest NALC model documents with appropriate reference to the requirements of the extant Public Contracts Regulations (2015) on tendering and the requirement to advertise any contracts in excess of £25,000 on the Government Contract Finder website.

NALC has, earlier in 2024 issued an updated set of FRs, which we commend to the Council for consideration and formal adoption suitably tailored to local requirements where appropriate. As and when the Council determines to adopt the revised / latest NALC model FRs, care will need to be taken to ensure that a consistent value is set for formal tender action currently set at £25,000 in

the SOs (Para 18.a.v refers), as the NALC model FRs refers to a value of £60,000. We consider that, for a Council the size of Broughton Gifford, a more appropriate value for formal tender action would be set at around £10,000 given the normal level of annual non-pay spending.

We have examined the minutes of meetings of the Council for the financial year to ensure that no issues either exist currently or are developing that may have an adverse effect on the Council's financial standing: we have also sought to ensure that, as far as we are reasonably able to ascertain as we do not attend meetings, no actions are planned or have taken place that may be of an ultra vires nature and place the Council at risk of criticism or possible financial penalty.

We are pleased to note from examination of the Council's website that the external auditors signed-off the 2023-24 AGAR, although we note that the Clerk had inadvertently used the incorrect AGAR form applying to parish meetings rather than councils: care should be taken to ensure that a Part 3 AGAR is prepared and submitted for 2024-25 as the year's income exceeds the £25,000 threshold at which an external audit review is required. We are pleased to note that the 2023-24 Notice of Public Rights was posted affording members of the public the requisite 30 working days availability of the Council's financial records for their examination.

Whilst not legally bound by the requirements of the Transparency Code for Smaller Authorities, we again urge that, in line with best practice and as the 2024-25 turnover only marginally exceeds the £25,000 threshold, the Council should consider publishing all the requisite information. We have provided the Clerk with a copy of the Code to assist the process.

Conclusions and recommendations

Whilst no significant concerns arise in this area this year, we make one or two suggestions where we feel that the Council should consider ensuring compliance with best practice.

- R1. Consideration should be given to setting the level at which formal tender action is required at the previous value of £10,000 given the Council's usual level of annual spending.*
- R2. Consideration should be given to publicising all relevant documentation as though it were governed by the Transparency Code for Smaller Councils.*
- R3. Care should be taken to ensure that the correct AGAR form is prepared and submitted to the external auditors for 2024-25.*

Review of Expenditure & VAT

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Appropriate procedures are in place to ensure compliance with the Council's Standing Orders and Financial Regulations with regard to tendering and quotation action;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;

- The correct coding and cost centre has been applied to invoices when processed; and
- VAT has been appropriately identified for periodic recovery.

Due to their relatively low volume and tidy manner of filing, we have examined all payments during the year to ensure compliance with the above criteria: we noted last year that members were not routinely providing any formal confirmation of their review of documentation supporting each payment and are pleased to note that the 2024-25 documentation has been signed off / initialled appropriately.

We also suggested previously that to provide an effective means of cross-referencing paid invoices to the cashbook as cheques were no longer routinely used, each payment during the year should be allocated a unique sequential reference number which should be recorded on both the paid invoice and cashbook. We are pleased to note compliance with this suggestion, although we suggest that, in future, each year's transactions should start at no. 1.

We are pleased to note that a VAT reclaim for expenditure incurred in 2023-24 was prepared, submitted to and repaid by HMRC in September 2024.

Conclusions

We are pleased to record that no issues arise in this area this year warranting formal comment or recommendation, although, as indicated above, we suggest that the sequential numbering of documents be restarted at no. 1 annually rather than roll forward the numbers from the prior year.

Assessment and Management of Risk

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks to minimise the opportunity for their coming to fruition.

We note that the Council's Risk Management policy has been reviewed and re-adopted by the Council at the March 2025 meeting and have reviewed the resultant document. We are again pleased to record that the register affords indication of both the likelihood of the individually identified risks coming to fruition and the potential impact (financial or political) on the Council should that eventuality arise. We consider the resultant register appropriate for the Council's present requirements.

We have examined the Council's current insurance policy, arranged through "Clear Councils", with Public and Employer's Liability both standing at £10 million and Fidelity Guarantee at £250,000, all of which we consider appropriate for the Council's present needs.

We have also noted previously that the Council's play area is subject to periodic inspections during the year by the Village Caretaker, also noting that he had undergone the relevant training and received the necessary accreditation with relevant supporting documentation following the reviews being retained by the Clerk.

Conclusions

We are pleased to record that no issues arise in this area warranting formal comment or recommendation.

Budgetary Control and Reserves

We aim in this review area to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the amount to be precepted on Wiltshire Council; that effective arrangements are in place to monitor budgetary performance throughout the financial year and that the Council has identified and retains appropriate reserve funds to meet future spending plans.

We have recorded previously that the minutes of meetings afford no indication that members are provided with periodic budgetary performance information during the year and have seen no indication of any appropriate action to address this in the financial year under review.

We note from our review of minutes at our interim review that, following due deliberation, the 2025-26 budget and precept were approved and adopted at the January 2025 Council meeting, the latter being recorded as an increase of 5%. At the close of our interim review we drew the Clerk's attention to the requirement for the approving minute to formally record the approved precept value and are pleased to note that this has been addressed at the March 2025 meeting with the precept value recorded as £19,115.85, an increase of 5% over the 2024-25 precept value.

We have considered the appropriateness of the level of retained reserves to meet the Council's ongoing revenue spending requirements noting that the year-end balance has increased marginally to £63,114 (£58,076 at 31st March 2024): the detailed Statement of Accounts prepared by the Clerk indicates that, of the total reserve balance of £63,113, £50,477 is earmarked as "Solar Farm" money. The residual General Fund reserve balance of £12,636 equates to approximately 7 months' revenue spending at the 2024-25 level and is within the generally recognised level of between three- and twelve-months' revenue spending.

Conclusions and recommendation

We are pleased to record that no significant concerns have been identified in this area although, as indicated above, we urge that members are provided with periodic detail of financial performance against the year's approved budget.

R4. The Council should be provided with periodic financial information comparing the actual receipts and payments at the point of reporting against the approved annual budget.

Review of Income

The Council has relatively limited sources of income, primarily the annual precept, cemetery fees, occasional grants, bank interest, CIL moneys and recoverable VAT. As indicated earlier in this report, we have checked and agreed the detail of these for the year to bank statements and other available supporting documentation.

As part of our review programme, we have at our interim review, examined the Council's burial records noting that four interments occurred up to the end of January 2025, also noting receipt of fees in respect of two memorials. We have agreed the fees received in respect of each of these activities to the schedule of fees and charges applying from 1st April 2024. We are pleased to note that the fees and charges have again been reviewed with increases applying from 1st April 2025.

Conclusions

We are pleased to record that no issues have been identified in this area this year warranting formal comment or recommendation.

Petty Cash Account

The Council does not operate a petty cash account, any out-of-pocket expenses incurred by the Clerk in connection with her work for the council being reimbursed through the usual trader payment process.

Review of Staff Salaries

In examining the Council's payroll function, we aim to verify that staff salaries are paid in accordance with their Contracts of Employment and that legislation is being appropriately observed as regards adherence to the requirements of HMRC with regard to the deduction and payment over of income tax and NI contributions. To meet this objective, we have:

- Reviewed the Council's payroll preparation procedures noting that the payroll function is outsourced to payroll bureau;
- Checked to ensure that the Council has prepared an appropriate Employment Contract for the new Clerk: in doing so, we note that she is employed for 10 hours per week on the National NJC Scale Point 22;
- Reviewed the Clerk's salary payments for the year by reference to a sample of monthly payslips processed during the year with appropriate arrears paid following an agreed salary increase; and
- Noted that the salary is paid by a fixed rate standing order each month.

Conclusions and recommendation

We are pleased to record that no significant concerns arise in this area, although we suggest that rather than paying the Clerk's salary by a fixed value monthly standing order, payment be made in accordance with the monthly net salary recorded on the payslips.

R5. *Ideally, the Clerk's monthly salary should be paid in accordance with the net pay recorded on the monthly payslips rather than by a fixed value standing order, as the net pay may vary marginally from one month to the next.*

Fixed Asset Registers

"The Governance and Accountability Manual – The Practitioner's Guide" requires all councils to maintain a record of all assets owned. We have checked and agreed the detail recorded in the Council's Asset Register, noting that it has been prepared using purchase cost values, net of VAT as required by "The Guide", or, where that value is unknown, at the prior year recorded AGAR value uplifted or decreased to reflect the acquisition or disposal of any assets during the financial year. We have consequently verified that the AGAR value at Box 9 equates to the Asset register value as recorded at 31st March 2025.

Conclusions

We are pleased to record that no issues arise in this review area warranting formal comment or recommendation.

Investments and Loans

The Council has one small residual investment of £15.44 in 2.5% Consolidated Stock, the value of which is reported appropriately as a “Fixed Asset” in the Asset register and thence the AGAR.

Statement of Accounts and AGAR

The AGAR forms the Council’s statutory accounts subject to external audit examination and certification, other than for those councils with an annual turnover below £25,000 who may claim exemption. As indicated earlier in this report, Broughton Gifford is not eligible to claim exemption and must therefore submit a Form 3 AGAR to the appointed external auditor for certification for 2024-25.

We have reviewed and ensured the accuracy of the financial detail for 2024-25 as disclosed in the year’s AGAR to the underlying Easypc accounts.

Conclusions

Based on the satisfactory conclusions drawn from our review programme for the year, we have signed off the IA Certificate in the AGAR assigning positive assurances in each relevant area.

Rec. No.	Recommendation	Response
Review of Corporate Governance		
R1	Consideration should be given to setting the level at which formal tender action is required at the previous value of £10,000 given the Council's usual level of annual spending.	
R2	Consideration should be given to publicising all relevant documentation as though it were governed by the Transparency Code for Smaller Councils.	
R3	Care should be taken to ensure that the correct AGAR form is prepared and submitted to the external auditors for 2024-25.	
Review of Budgetary Control and Reserves		
R4	The Council should be provided with periodic financial information comparing the actual receipts and payments at the point of reporting against the approved annual budget.	
Review of Staff Salaries		
R5	Ideally, the Clerk's monthly salary should be paid in accordance with the net pay recorded on the monthly payslips rather than by a fixed value standing order, as the net pay may vary marginally from one month to the next.	